

i.r.t. Celsius Network LLC, et al. Case Number 22-10964 (MG)

Dear Honorable Judge Glenn,

I would like to be brief to convey my point of view and also would like to share **the screenshots** as Celsius has been changing the user-interfaces frequently, on top of all misleading communications on social media.

- Celsius preached the **safety** and convenience of parking the coins, 24/7 access on withdrawal with no fee. I chose Celsius and thought I was being conservative in investing parking most of my assets in USDC Earn account. I also parked all other coins available on the platform for the convenience of one-stop crypto banking.

- Recently in April 2022, Celsius appeared to be campaigning heavily to convert coins to CEL token, giving more reward tokens, advertising 30% rewards, also encouraging the customer to become accredited investor. I personally did not want to get any CEL gift tokens or other coins' rewards as the value of these coins fluctuate and cumbersome to earn rewards for the tax filing. It was Celsius's default behavior to me for the all coins to be in the EARN account, therefore I reached out to Celsius in early March 2022 if I can chose not to earn rewards. CEL token when I purchased was at about \$5, currently +-\$1. Celsius eventually made the functionality to swap between EARN and Custody account.

-It was my understanding that **USDC, "the STABLE COIN"** from *the Circuit* was widely recognized as \$USD equivalent, in the form of \$US digital currency. In my mind, investing in USDC EARN account was equivalent to **high-yield money market in the banking system**, while Custody account was like checking account. According to *the Circuit*, USDC is fully-backed by cash and short-dated U.S. treasuries.

I was hoping Celsius to take NECO's rescue, if they really wanted to protect the customer, or open up a discussion with other investors, which did not happen. My trust in the company is betrayed with Celsius at this point. I would like to suggest that Celsius employees to only get paid minimum wages on the fiat currency, and get reminder of the salaries in CEL token (i.e., calculated at CEL \$3 to USD \$1), and get locked up until all the customers get paid first.

Also for those customers who are underwater or having have to live on the credit card, I would like to suggest that the minimum wage equivalent per month should be allowed to withdraw for the time-being, limiting to the customers who does not have any outstanding loans. We are no longer earning any rewards, so USDC Earn coins can be moved to Custody and Celsius to create the function for the customer to withdraw from USDC a certain amount monthly. It does not make any sense to me that Celsius management to get paid in the fiat currency, spending more on this process to restructure themselves; while they suggest us to buy their CEL tokens and lock it up.

Sincerely,

Kiyomi K

attached; 5 pages to follow

Appendix

Exhibit 1 - Celsius UI (User Interface) preaching on the safety of the customer's coin

Exhibit 2.a. – Projected understanding of Custody vs. Earn Account

Exhibit 2.b. – Accredited Investor Campaign

Exhibit 3. - USDC “Stable coin” – \$USD digital currency

Exhibit 1 - Celsius UI (User Interface) preaching on the safety of the customer's coin

Celsius UI (User Interface) on your face (screenshots taken on June 18, 2022)

- * “Keep your crypto **safe, without worrying about lost seed phrases**” – indication that Celsius is keeping the customer from potential hacking. Seed phrases are the keys to unlock the assets from the wallet.
- * Whitelisting of coin withdrawal addresses takes 24 hours, (though only able to add one address per specific coin, therefore need to wait 24 hours to move to a different wallet.), assuring us the safety protocols implemented.



[Individuals](#) [Businesses](#) [Community](#) [Media](#) [About](#) [Care](#)

Access your coins whenever,
keep them **safe forever.**

- Keep your crypto safe, without worrying about lost seed phrases.
- Swap or withdraw your crypto at any time, with no fees.

[Get started →](#)

Your Coins

Manage Whitelisted External Addresses Add and edit currency addresses

[+ Add New Coins](#)

 **USD Coin (USDC)**



Coinbase address 

[Edit](#) / [Remove](#)

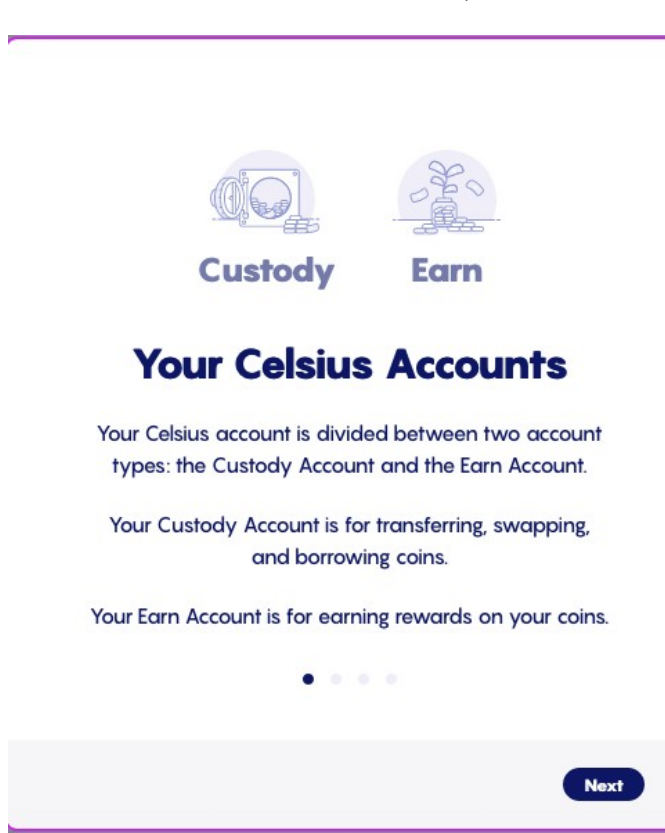
 **Celsius (CEL)**

No Address

No Nickname

[Add Address](#)

Exhibit 2.a. – Projected understanding of Custody vs. Earn Account
(screenshots taken on June 18, 2022)



Custody Earn

Your Celsius Accounts

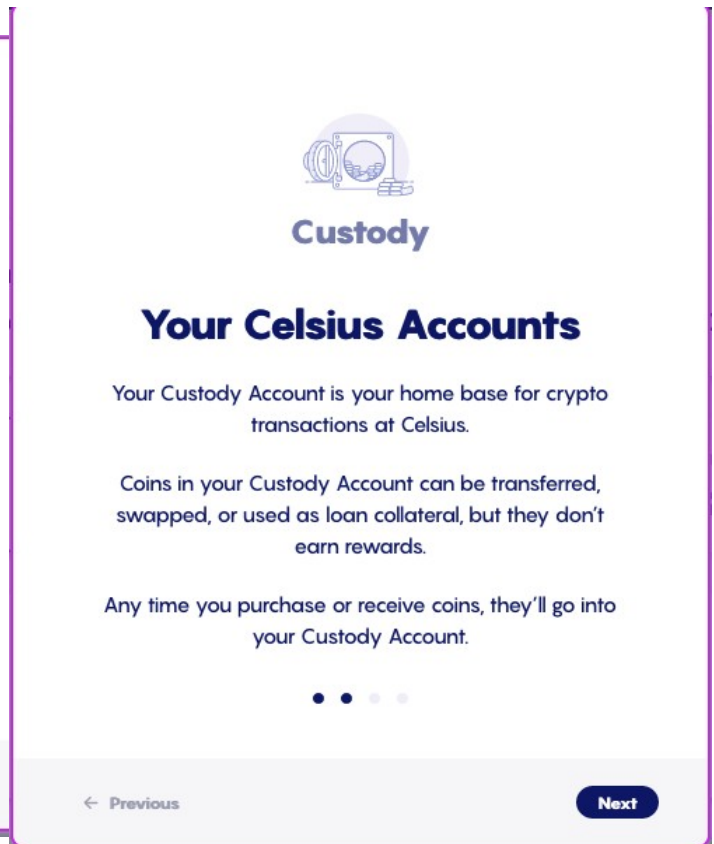
Your Celsius account is divided between two account types: the Custody Account and the Earn Account.

Your Custody Account is for transferring, swapping, and borrowing coins.

Your Earn Account is for earning rewards on your coins.

● ● ● ●

[Next](#)



Custody

Your Celsius Accounts

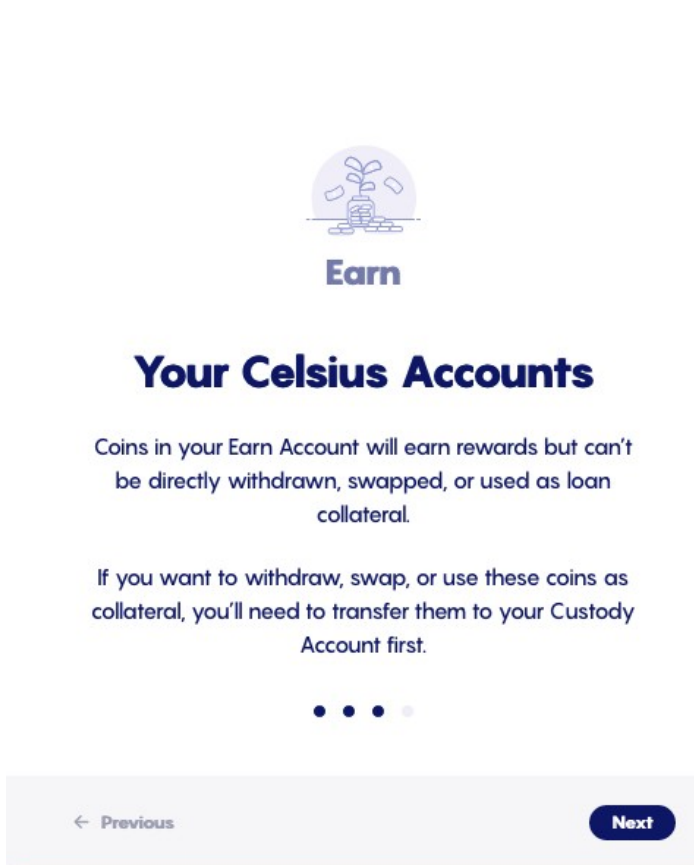
Your Custody Account is your home base for crypto transactions at Celsius.

Coins in your Custody Account can be transferred, swapped, or used as loan collateral, but they don't earn rewards.

Any time you purchase or receive coins, they'll go into your Custody Account.

● ● ● ●

[← Previous](#) [Next](#)



Earn

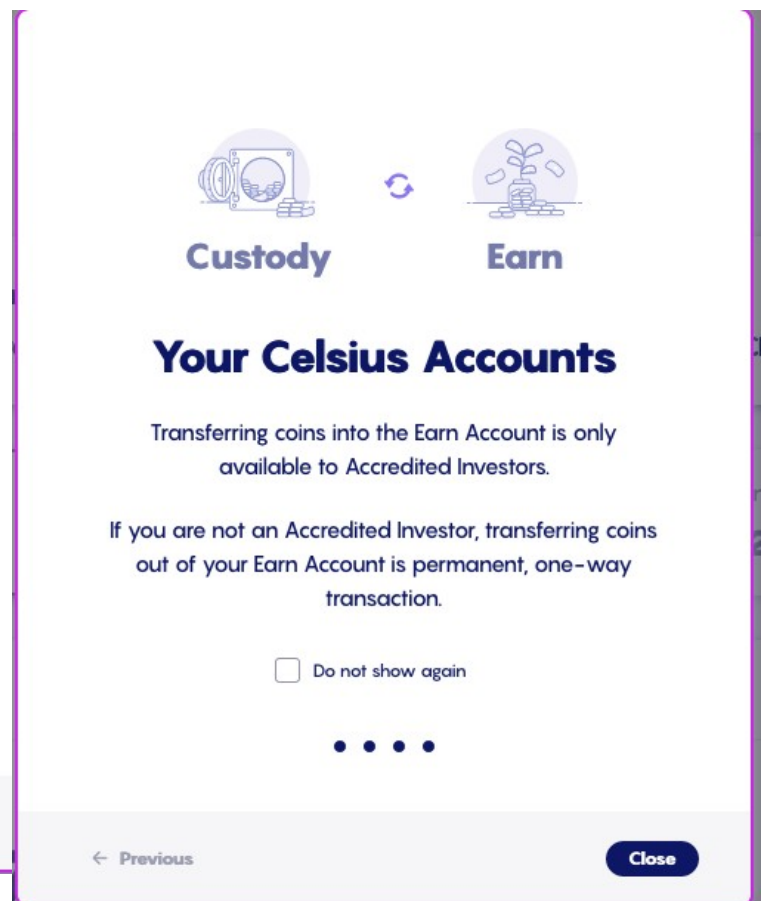
Your Celsius Accounts

Coins in your Earn Account will earn rewards but can't be directly withdrawn, swapped, or used as loan collateral.

If you want to withdraw, swap, or use these coins as collateral, you'll need to transfer them to your Custody Account first.

● ● ● ●

[← Previous](#) [Next](#)



Custody Earn

Your Celsius Accounts

Transferring coins into the Earn Account is only available to Accredited Investors.

If you are not an Accredited Investor, transferring coins out of your Earn Account is permanent, one-way transaction.

☐ Do not show again

● ● ● ●

[← Previous](#) [Close](#)

Exhibit 2.b. – Accredited Investor Campaign



<https://support.celsius.network/hc/en-us/articles/4406861138961-Accredited-Investor-FAQ>

Document indicates it was uploaded on June 10, 2022



CEL token was campaigned to earn 30%, pushing user's to invest in CEL token Earn account, especially after April 2022.

Full Benefits of CEL Loyalty Program

Accredited investors can also benefit from our CEL Loyalty Level program; if 25% or more of your Celsius portfolio is CEL token, or you hold 25,000 or more CEL token, your Earn in-CEL rates are boosted by up to 30% over our standard, in-kind rates. Your Loyalty Level also improves the rates you can receive on loans with Celsius.

Exhibit 3. - USDC “Stable coin” – \$USD digital currency

What is USDC = “STABLE COIN”

What is Circle?

Circle Internet Financial Limited is a global financial technology firm that enables businesses of all sizes to harness the power of digital currencies and public blockchains for payments, commerce, and financial applications worldwide. In this capacity, Circle will process the ACH requests initiated by you to buy USDC and credit it into your Celsius account.

<https://www.circle.com/en/usdc#usdc-data>

“Fully-backed by cash and short-dated U.S. treasuries” per Circle

FAQ

Is USDC a cryptocurrency?

USDC is a fully-reserved stablecoin, which is a type of cryptocurrency, or digital asset. Unlike other cryptocurrencies that fluctuate in price, USDC is designed to maintain price equivalence to the U.S. dollar. USDC is a stable store of value that benefits from the speed and security of blockchain technology.

How can I trust that USDC will always be equivalent to a dollar?

For every \$1 of USDC in circulation, Circle holds \$1 of USD. USDC is **fully-backed** by cash and short-dated U.S. treasuries, and these reserves are held in the custody of leading financial institutions.